

## **EXHIBIT B**

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF KANSAS**

BARBARA D. WILLIAMS, DANIEL C.	)	
FARABEE, and CAROLYN J. FARABEE,	)	
	)	Case No. 04-2561-KHV
Plaintiffs,	)	
	)	
v.	)	
	)	
WADDELL & REED INVESTMENT	)	
MANAGEMENT COMPANY, WADDELL	)	
& REED IVY INVESTMENT COMPANY, IVY	)	
FUNDS DISTRIBUTOR, INC., MACKENZIE	)	
FINANCIAL CORPORATION and WADDELL	)	
& REED, INC.	)	
	)	
Defendants.	)	

**STIPULATION OF DISMISSAL WITH PREJUDICE**

Plaintiffs and Defendants, by their respective counsel, submit the following Stipulation of Dismissal with prejudice:

1. This action was commenced by Plaintiffs on March 22, 2004, against Defendants Waddell & Reed Investment Management Company, Waddell & Reed Ivy Investment Company, Ivy Funds Distributor, Inc., MacKenzie Financial Corporation<sup>1</sup>, and Waddell & Reed, Inc. (hereinafter "W&R"), asserting claims derivatively on behalf of the following mutual funds in Waddell & Reed's Advisor Fund family: Science and Technology Fund, Accumulative Fund, Vanguard Fund, New Concepts Fund, Retirement Shares Fund, Small Cap Fund, Core Investment Fund, Value Fund, Asset Strategy Fund and International Growth Fund; and the Ivy

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<sup>1</sup> This case was originally filed in the Western District of Missouri. Before it was transferred to this Court, Plaintiffs voluntarily dismissed MacKenzie Financial Corporation.

Global Natural Resources Fund<sup>2</sup> (collectively, “the Funds”) alleging that the fees charged by W&R to manage the Funds violated Section 36(b) of the Investment Company Act of 1940. This action challenges the fees paid by the Funds for the period March 22, 2003, through the date of trial.

2. Plaintiffs have diligently pursued the prosecution of the action over the last two-and-a-half years. Plaintiffs have sought and obtained substantial discovery from W&R and certain non-parties. Their counsel have reviewed over 100,000 pages of documents produced; deposed more than twenty senior representatives of W&R and eight independent directors on the Funds’ Boards of Directors. Plaintiffs retained five expert witnesses. Defendants also retained five expert witnesses. It was the result of those efforts by plaintiffs’ counsel that culminated in the resolution of this case.

3. A substantial portion of the documents and information furnished to the Plaintiffs by W&R are highly confidential and proprietary business information. Upon the Court’s approval of this Stipulation of Dismissal, all confidential documents (and copies thereof) produced by W&R will be destroyed or returned to W&R.

4. Discovery has been completed and trial of this action is imminent, currently scheduled to begin October 24, 2006.

5(a) Prior to the filing of this suit, the Directors of the Funds, in their evaluation of information provided to them, conscientiously followed the advice and direction of their counsel;

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<sup>2</sup> The claims respecting Global Natural Resources were dismissed previously by Notice of Dismissal of Waddell & Reed Ivy Investment Company, Docket # 210, filed May 30, 2006.

- 5(b) Subsequent to the filing of this suit the Directors of the Funds received more extensive information and have continued to conscientiously follow the advice and direction of their counsel;
- 5(c) The performance of the Funds has been outstanding. For example, for 2005, Lipper/Barron's Fund Families Survey ranked the Waddell & Reed fund family as the second best overall performer among all U.S. based fund families over the last year. Over that period the firm finished No. 4 in the domestic equity group, No. 1 in balanced funds and No. 11 in municipal bond funds.

NOW, THEREFORE, IT IS HEREBY STIPULATED that this Action is dismissed with prejudice and without costs to any party.

s/James D. Griffin

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